

Weekly Economic Review

Alberta exports sustain strong growth

International Merchandise Trade

Exports ramping up

The value of Alberta's merchandise trade increased 21.0% in May to \$10.5 billion over the same month last year, the ninth consecutive month of double digit year-over-year (y/y) growth. Production ramping up in the oil sands and strong prices are supporting persistently strong growth in Alberta exports. Alberta energy exports, which are about 20% of Canada's total exports, are contributing to export growth nationally. Agriculture exports also contributed to the increase, up 21.7% y/y, the highest growth since October 2012 (Chart 1).

Canada's trade deficit narrowed in May, thanks to weaker imports and higher exports of energy products, motor vehicles, and parts.

Food Services & Drinking Places

Albertans spending more on food services

The total value of receipts for food services and drinking places in Alberta reached \$728 million in April. This represents an increase of 8.3% from April 2013 and a noticeable jump from the previous month (Chart 2). The largest year-over-year growth was from special food services, which encompasses a wide range of services, from services to airlines to catering and food trucks. Growth in drinking places, such as pubs, fell by 2.5% y/y.

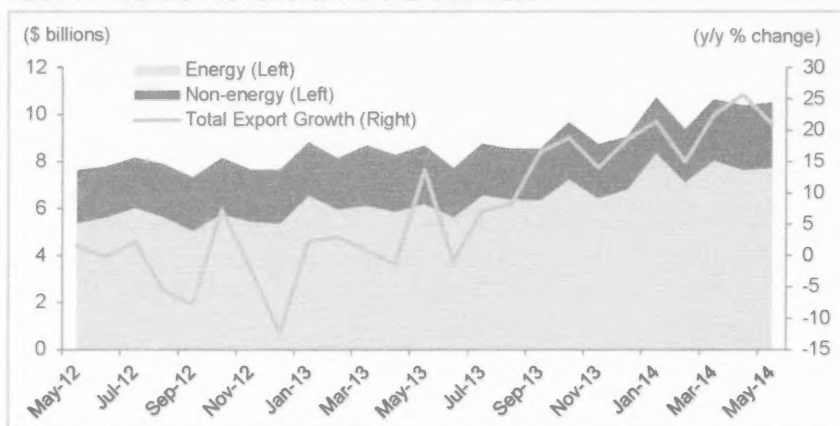
Nationally, April receipts reached \$4.7 billion, an increase of 5.0% y/y. Alberta led the provinces in growth, followed closely by BC. Alberta's share of total receipts has been steadily increasing over the past 3 years.

Field Crop Planting

Planted hectares decreases slightly

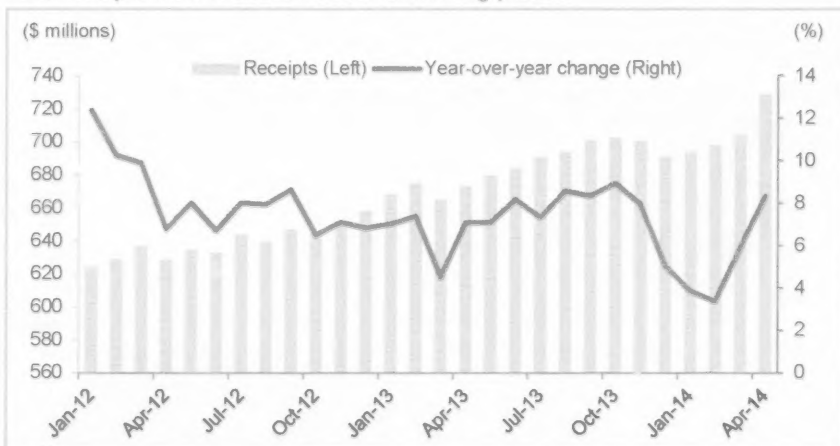
The number of agricultural hectares planted in Alberta decreased this year, mainly due to lower prices and high storage levels. Hectares planted for the three main crops in Alberta, canola, wheat, and barley, fell 3.7% y/y to 6.6 million hectares.

Chart 1: Exports continue fast-paced growth
Value of Alberta's International Merchandise Trade



Source: Statistics Canada

Chart 2: Albertans spending more on food and drinks
Total receipts from food services and drinking places



Source: Statistics Canada

Planting of wheat decreased 6.5%, while barley plantings decreased by 8.8%, the smallest planting in the last decade. Canola plantings increased 2.8% over last year.

Nationally, total area seeded is expected to increase; however, according to Agriculture and Agri-Food Canada, lower expected average yields will result in a 17% decline in total crop production compared with the 2013 crop year, a record-setting year.

Canadian Economy

No pickup in Canada's growth

Canadian real GDP increased by just 0.1% in April, the same as in March. GDP was pulled down by the goods-producing sector, with notable declines in utilities,

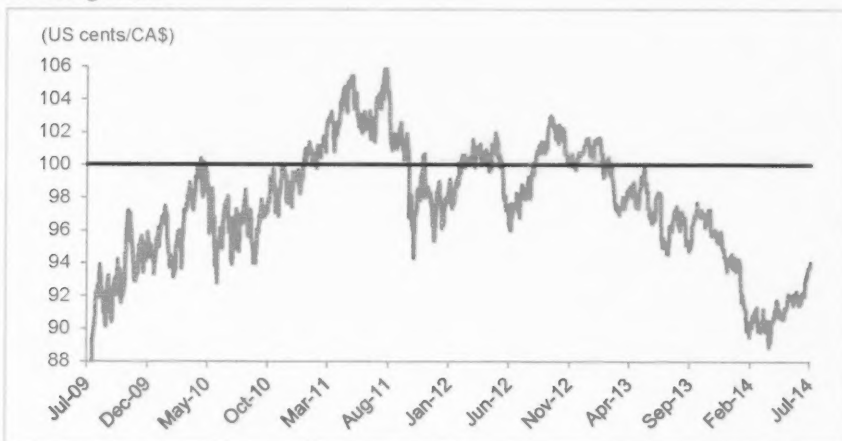
construction and mining, quarrying and oil and gas. Oil and gas extraction fell by 0.8%, the first decline since October 2013. Some of this decline was attributed to maintenance activities at petroleum facilities. Agricultural GDP declined for the 8th straight month after strong gains in 2013. April GDP was 1.3% lower than in April 2013, the first annual decline since 2010.

Dollar moves higher

Despite the tepid growth in the Canadian economy, the Canadian dollar reached 94 cents US on Thursday, the first time since January 2014. The strength can be attributed to a number of factors, including higher inflation readings in Canada, overall weakness in the US dollar, and the recent strength in commodity prices.

Chart 3: Canadian dollar moves higher

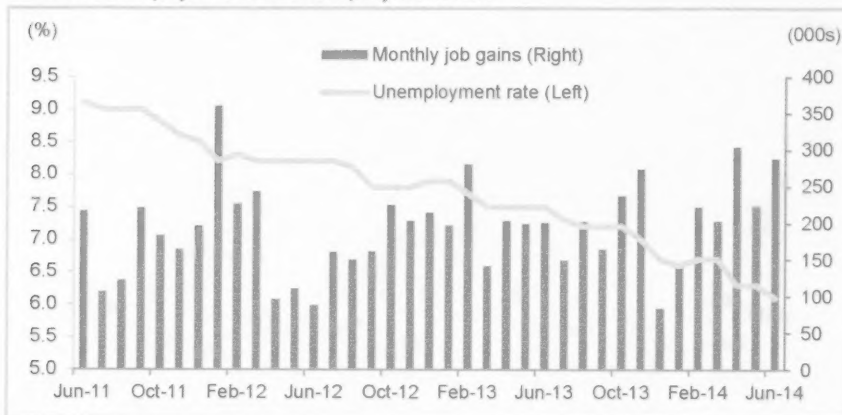
Exchange rate



Source: Bank of Canada

Chart 4: US employment jumps in June

US non-farm payrolls and unemployment rate



Source: US Bureau of Labor Statistics

US Employment

Momentum builds as job growth surges

US non-farm payrolls jumped by 288,000 in June. This was the second highest monthly gain since January 2012, and is well above the year-to-date average gain of 230,800. The vast majority of June's growth came from the private sector (262,000), which recorded its fifth straight month of 200,000 jobs per month. Employment growth was also broad-based across major industries, with retail sales positions (40,200) leading the way. From the household survey, US unemployment dropped by 0.2 percentage points to 6.1%, its lowest level since September 2008.

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Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.